

August 17, 2024

Q1FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

| | Current | | Previous | |
|----------------|---------|--------|----------|--------|
| | FY25E | FY26E | FY25E | FY26E |
| Rating | REDUCE | | REDUCE | |
| Target Price | 822 | | 811 | |
| Sales (Rs. m) | 48,300 | 52,578 | 47,647 | 50,676 |
| % Chng. | 1.4 | 3.8 | | |
| EBITDA (Rs. m) | 16,442 | 17,862 | 16,657 | 17,678 |
| % Chng. | (1.3) | 1.0 | | |
| EPS (Rs.) | 16.2 | 17.3 | 16.2 | 17.1 |
| % Chng. | (0.2) | 1.4 | | |

Key Financials - Standalone

| Y/e Mar | FY23 | FY24 | FY25E | FY26E |
|----------------|--------|--------|--------|--------|
| Sales (Rs. m) | 35,415 | 42,702 | 48,300 | 52,578 |
| EBITDA (Rs. m) | 12,762 | 14,660 | 16,442 | 17,862 |
| Margin (%) | 36.0 | 34.3 | 34.0 | 34.0 |
| PAT (Rs. m) | 9,787 | 11,696 | 12,930 | 13,844 |
| EPS (Rs.) | 12.2 | 14.6 | 16.2 | 17.3 |
| Gr. (%) | 47.5 | 19.5 | 10.5 | 7.1 |
| DPS (Rs.) | 5.5 | 6.5 | 7.0 | 7.5 |
| Yield (%) | 0.6 | 0.7 | 0.8 | 0.8 |
| RoE (%) | 44.9 | 41.0 | 35.9 | 31.8 |
| RoCE (%) | 56.0 | 49.4 | 43.4 | 38.7 |
| EV/Sales (x) | 20.3 | 16.8 | 14.7 | 13.4 |
| EV/EBITDA (x) | 56.5 | 48.9 | 43.3 | 39.5 |
| PE (x) | 75.6 | 63.3 | 57.2 | 53.4 |
| P/BV (x) | 29.8 | 22.9 | 18.6 | 15.6 |

Key Data

INIR.BO | IRCTC IN

| | |
|---------------------|---------------------|
| 52-W High / Low | Rs.1,148 / Rs.636 |
| Sensex / Nifty | 80,437 / 24,541 |
| Market Cap | Rs.740bn/ \$ 8,812m |
| Shares Outstanding | 800m |
| 3M Avg. Daily Value | Rs.3284.98m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 62.40 |
| Foreign | 7.78 |
| Domestic Institution | 13.74 |
| Public & Others | 16.06 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|--------|--------|------|
| Absolute | (10.1) | (1.7) | 44.2 |
| Relative | (9.9) | (11.9) | 17.2 |

Jinesh Joshi

jineshjoshi@plindia.com | 91-22-66322238

Stuti Beria

stutiberia@plindia.com | 91-22-66322246

Dhvanit Shah

dhvanitshah@plindia.com |

Indian Railway Catering and Tourism Corporation (IRCTC IN)

Rating: REDUCE | CMP: Rs925 | TP: Rs822

Catering division continues to shine

Quick Pointers:

- ~118mn tickets booked with a convenience fee income of Rs2.24bn.

While Indian Railway Catering & Tourism Corporation's (IRCTC IN) top-line was broadly in-line with our estimates, operational performance was weak with EBITDA margin of 33.5% (PLe 35.3%). We believe growth in internet ticketing division has plateaued with e-booking penetration at ~83% and expectation of a mid-single digit growth in volumes over FY24-FY26E. In addition, rising share of low yielding UPI transactions (45% share in 1QFY25) will limit the scope for margin expansion. While we have re-aligned our top-line estimates amid strong performance in catering division, our EPS estimates remain broadly intact given the segment commands lower margin. During FY24, catering/internet ticketing division contributed 45%/30% to IRCTC's top-line and 20%/77% to its EBIT. We believe scope for earnings surprise is limited given growth in high margin internet ticketing division has plateaued. We expect sales/PAT CAGR of 11%/12% over FY24-FY26E and retain 'REDUCE' with a TP of Rs822 (earlier Rs811) after assigning a multiple of 47.5x (no change) over FY26E EPS.

Catering division drives growth: Revenue increased 11.8% YoY to Rs11,202mn (PLe Rs11,142mn). Catering revenue surged 17.1% YoY to Rs5,589mn (PLe Rs5,105mn). Rail Neer revenue was up by 16.2% YoY to Rs1,115mn (PLe Rs1,055) with an EBIT margin of 12.2% (PLe 12.5%). Internet ticketing revenue increased 13.4% YoY to Rs3,291mn (PLe Rs3,354mn). However, revenue from Tourism was down by 12.4% YoY to Rs1,249mn (PLe Rs1,628mn) as State Teertha and Bharat Gaurav trains were not operational due to elections.

EBITDA/adjusted PAT jumps 9.3%/7.5% YoY, respectively: EBITDA increased 9.3% YoY to Rs3,749mn (PLe Rs3,934mn) with a margin of 33.5% (PLe of 35.3%). Adjusted PAT increased 7.5% YoY to Rs3,055mn (PLe of Rs3,033mn) with a margin of 27.3% (PLe 27.2%) as against 28.4%/23.9% in 1QFY24/4QFY24 respectively.

Con-call highlights: 1) In Q1FY25, convenience/non-convenience revenue stood at Rs2.2bn/Rs1.0bn respectively. 2) Non-convenience fee was down by Rs120mn on sequential basis as 4QFY24 had one-time gain from social media advertising due to elections. 3) ~118mn tickets were booked in 1QFY25. 4) Capacity utilization for Rail Neer plants stood at 86% including the three new plants that were added. 5) Rail Neer's current production capacity is ~1.8mn bottles per day and average production for the quarter was ~1.4mn bottles per day. 6) A new rail neer plant at Vijaywada is expected to open in Oct'25 along with 2 more plants being planned at Mysore & Varanasi. 7) UPI share stood at 45% in 1QFY25. 8) Out of 1,259 trains catered by IRCTC for catering services, 117 were prepaid trains, 440 were mail express trains and 700 trains were served via TSVs contracts.



Exhibit 1: Q1FY25 Result Overview (Rs mn)

| Y/e March | 1QFY25 | 1QFY24 | YoY gr. | 4QFY24 | QoQ gr. | FY25E | FY24 | YoY gr. |
|---------------------------------|---------------|---------------|--------------|---------------|--------------|---------------|---------------|--------------|
| Net sales | 11,202 | 10,018 | 11.8% | 11,548 | -3.0% | 48,300 | 42,702 | 13.1% |
| Total raw material cost | 896 | 694 | 29.2% | 516 | 73.6% | 3,080 | 2,454 | 25.5% |
| <i>As a % of sales</i> | <i>8.0%</i> | <i>6.9%</i> | | <i>4.5%</i> | | <i>6.4%</i> | <i>5.7%</i> | |
| Expenses of catering | 3,942 | 3,329 | 18.4% | 3,941 | 0.0% | 15,364 | 13,670 | 12.4% |
| <i>As a % of sales</i> | <i>35.2%</i> | <i>33.2%</i> | | <i>34.1%</i> | | <i>31.8%</i> | <i>32.0%</i> | |
| Expenses of tourism | 976 | 1,101 | -11.4% | 1,504 | -35.1% | 6,349 | 5,504 | 15.4% |
| <i>As a % of sales</i> | <i>8.7%</i> | <i>11.0%</i> | | <i>13.0%</i> | | <i>13.1%</i> | <i>12.9%</i> | |
| Manufacturing & direct expenses | 467 | 380 | 22.8% | 527 | -11.4% | 1,896 | 1,746 | 8.6% |
| <i>As a % of sales</i> | <i>4.2%</i> | <i>3.8%</i> | | <i>4.6%</i> | | <i>3.9%</i> | <i>4.1%</i> | |
| Employee expenses | 745 | 663 | 12.4% | 838 | -11.1% | 3,188 | 2,890 | 10.3% |
| <i>As a % of sales</i> | <i>6.6%</i> | <i>6.6%</i> | | <i>7.3%</i> | | <i>6.6%</i> | <i>6.8%</i> | |
| Other expenses | 426 | 421 | 1.2% | 595 | -28.4% | 1,980 | 1,777 | 11.5% |
| <i>As a % of sales</i> | <i>3.8%</i> | <i>4.2%</i> | | <i>5.2%</i> | | <i>4.1%</i> | <i>4.2%</i> | |
| EBITDA | 3,749 | 3,430 | 9.3% | 3,627 | 3.4% | 16,442 | 14,660 | 12.2% |
| <i>EBITDA margin</i> | <i>33.5%</i> | <i>34.2%</i> | | <i>31.4%</i> | | <i>34.0%</i> | <i>34.3%</i> | |
| Depreciation | 139 | 137 | 1.3% | 156 | -11.2% | 819 | 572 | 43.1% |
| EBIT | 3,611 | 3,293 | 9.6% | 3,471 | 4.0% | 15,623 | 14,087 | 10.9% |
| <i>EBIT margin</i> | <i>32.2%</i> | <i>32.9%</i> | | <i>30.1%</i> | | <i>32.3%</i> | <i>33.0%</i> | |
| Interest cost | 28 | 41 | -31.6% | 53 | -47.2% | 217 | 186 | 16.6% |
| Other income | 514 | 392 | 31.1% | 326 | 57.6% | 1,950 | 1,645 | 18.6% |
| PBT | 4,096 | 3,644 | 12.4% | 3,743 | 9.4% | 17,356 | 15,546 | 11.6% |
| Exceptional items | 22 | (519) | NM | 79 | -72.0% | 22 | (585) | NM |
| Tax expenses | 1,041 | 803 | 29.7% | 979 | 6.4% | 4,426 | 3,850 | 15.0% |
| <i>Tax rate</i> | <i>25.3%</i> | <i>25.7%</i> | | <i>25.6%</i> | | <i>25.5%</i> | <i>25.7%</i> | |
| PAT | 3,077 | 2,322 | 32.5% | 2,844 | 8.2% | 12,952 | 11,111 | 16.6% |
| <i>PAT margin</i> | <i>27.5%</i> | <i>23.2%</i> | | <i>24.6%</i> | | <i>26.8%</i> | <i>26.0%</i> | |
| EPS (Rs) | 3.8 | 2.9 | 32.5% | 3.6 | 8.2% | 16.2 | 13.9 | 16.6% |
| Adj. PAT | 3,055 | 2,841 | 7.5% | 2,765 | 10.5% | 12,930 | 11,696 | 10.5% |

Source: Company, PL

Exhibit 2: Segmental Breakup (Rs mn)

| Y/e March | 1QFY25 | 1QFY24 | YoY gr. | 4QFY24 | QoQ gr. |
|-------------------------------------|---------------|---------------|--------------|---------------|--------------|
| Catering | | | | | |
| Revenue | 5,589 | 4,771 | 17.1% | 5,308 | 5.3% |
| As a % of sales | 49.7% | 47.4% | | 45.8% | |
| EBIT | 779 | 697 | 11.8% | 465 | 67.7% |
| EBIT margin | 13.9% | 14.6% | | 8.8% | |
| Internet ticketing | | | | | |
| Revenue | 3,291 | 2,901 | 13.4% | 3,424 | -3.9% |
| As a % of sales | 29.3% | 28.8% | | 29.6% | |
| EBIT | 2,723 | 2,400 | 13.5% | 2,751 | -1.0% |
| EBIT margin | 82.8% | 82.7% | | 80.3% | |
| Toursim (Incl State Teertha) | | | | | |
| Revenue | 1,249 | 1,425 | -12.4% | 2,017 | -38.1% |
| As a % of sales | 11.1% | 14.2% | | 17.4% | |
| EBIT | 93 | (382) | NM | 189 | -50.7% |
| EBIT margin | 7.5% | NM | | 9.4% | |
| Rail Neer | | | | | |
| Revenue | 1,115 | 959 | 16.2% | 830 | 34.4% |
| As a % of sales | 9.9% | 9.5% | | 7.2% | |
| EBIT | 136 | 121 | 11.9% | 107 | 27.4% |
| EBIT margin | 12.2% | 12.6% | | 12.8% | |
| Total revenues | 11,243 | 10,056 | 11.8% | 11,579 | -2.9% |

Source: Company, PL



Financials

Income Statement (Rs m)

| Y/e Mar | FY23 | FY24 | FY25E | FY26E |
|-------------------------------|---------------|---------------|---------------|---------------|
| Net Revenues | 35,415 | 42,702 | 48,300 | 52,578 |
| YoY gr. (%) | 88.5 | 20.6 | 13.1 | 8.9 |
| Cost of Goods Sold | 1,950 | 2,454 | 3,080 | 3,356 |
| Gross Profit | 33,464 | 40,248 | 45,220 | 49,222 |
| Margin (%) | 94.5 | 94.3 | 93.6 | 93.6 |
| Employee Cost | 2,455 | 2,890 | 3,188 | 3,470 |
| Other Expenses | 1,627 | 1,777 | 1,980 | 2,051 |
| EBITDA | 12,762 | 14,660 | 16,442 | 17,862 |
| YoY gr. (%) | 46.1 | 14.9 | 12.2 | 8.6 |
| Margin (%) | 36.0 | 34.3 | 34.0 | 34.0 |
| Depreciation and Amortization | 537 | 572 | 819 | 993 |
| EBIT | 12,225 | 14,087 | 15,623 | 16,869 |
| Margin (%) | 34.5 | 33.0 | 32.3 | 32.1 |
| Net Interest | 161 | 186 | 217 | 237 |
| Other Income | 1,204 | 1,645 | 1,950 | 1,950 |
| Profit Before Tax | 13,540 | 14,960 | 17,378 | 18,582 |
| Margin (%) | 38.2 | 35.0 | 36.0 | 35.3 |
| Total Tax | 3,481 | 3,850 | 4,426 | 4,738 |
| Effective tax rate (%) | 25.7 | 25.7 | 25.5 | 25.5 |
| Profit after tax | 10,059 | 11,111 | 12,952 | 13,844 |
| Minority interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 9,787 | 11,696 | 12,930 | 13,844 |
| YoY gr. (%) | 47.5 | 19.5 | 10.5 | 7.1 |
| Margin (%) | 27.6 | 27.4 | 26.8 | 26.3 |
| Extra Ord. Income / (Exp) | 272 | (585) | 22 | - |
| Reported PAT | 10,059 | 11,111 | 12,952 | 13,844 |
| YoY gr. (%) | 52.5 | 10.5 | 16.6 | 6.9 |
| Margin (%) | 28.4 | 26.0 | 26.8 | 26.3 |
| Other Comprehensive Income | 22 | 3 | - | - |
| Total Comprehensive Income | 10,081 | 11,114 | 12,952 | 13,844 |
| Equity Shares O/s (m) | 800 | 800 | 800 | 800 |
| EPS (Rs) | 12.2 | 14.6 | 16.2 | 17.3 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY23 | FY24 | FY25E | FY26E |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Non-Current Assets | | | | |
| Gross Block | 5,821 | 6,008 | 11,108 | 11,908 |
| Tangibles | 5,688 | 5,870 | 10,970 | 11,770 |
| Intangibles | 133 | 138 | 138 | 138 |
| Acc: Dep / Amortization | 2,578 | 2,842 | 3,661 | 4,654 |
| Tangibles | 2,472 | 2,736 | 3,555 | 4,548 |
| Intangibles | 106 | 106 | 106 | 106 |
| Net fixed assets | 3,243 | 3,166 | 7,447 | 7,254 |
| Tangibles | 3,216 | 3,133 | 7,415 | 7,222 |
| Intangibles | 27 | 32 | 32 | 32 |
| Capital Work In Progress | 338 | 4,425 | 425 | 425 |
| Goodwill | - | - | - | - |
| Non-Current Investments | 267 | 274 | 274 | 274 |
| Net Deferred tax assets | 1,305 | 1,413 | 1,388 | 1,394 |
| Other Non-Current Assets | 2,207 | 193 | 386 | 421 |
| Current Assets | | | | |
| Investments | - | - | - | - |
| Inventories | 96 | 110 | 265 | 288 |
| Trade receivables | 11,429 | 13,743 | 14,821 | 16,133 |
| Cash & Bank Balance | 19,337 | 22,776 | 27,426 | 34,825 |
| Other Current Assets | 10,576 | 12,237 | 12,769 | 13,795 |
| Total Assets | 50,888 | 60,912 | 67,616 | 77,438 |
| Equity | | | | |
| Equity Share Capital | 1,600 | 1,600 | 1,600 | 1,600 |
| Other Equity | 23,184 | 30,698 | 38,081 | 45,902 |
| Total Network | 24,784 | 32,298 | 39,681 | 47,502 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | - | - | - | - |
| Provisions | 1,054 | 1,161 | 724 | 789 |
| Other non current liabilities | 167 | 175 | 145 | 158 |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | - | - | - | - |
| Trade payables | 8,522 | 9,977 | 11,248 | 12,244 |
| Other current liabilities | 15,392 | 16,340 | 14,772 | 15,538 |
| Total Equity & Liabilities | 50,888 | 60,912 | 67,616 | 77,438 |

Source: Company Data, PL Research



Indian Railway Catering and Tourism Corporation

Cash Flow (Rs m)

| Y/e Mar | FY23 | FY24 | FY25E | FY26E |
|---------------------------------------|----------------|----------------|----------------|----------------|
| PBT | 13,540 | 14,960 | 17,356 | 18,582 |
| Add. Depreciation | 537 | 572 | 819 | 993 |
| Add. Interest | - | - | - | - |
| Less Financial Other Income | 1,204 | 1,645 | 1,950 | 1,950 |
| Add. Other | (776) | (1,136) | 22 | - |
| Op. profit before WC changes | 13,301 | 14,396 | 18,196 | 19,575 |
| Net Changes-WC | (910) | (1,097) | (2,452) | (615) |
| Direct tax | (4,290) | (4,478) | (4,426) | (4,738) |
| Net cash from Op. activities | 8,101 | 8,822 | 11,318 | 14,222 |
| Capital expenditures | (674) | (2,324) | (1,100) | (800) |
| Interest / Dividend Income | 625 | 1,066 | - | - |
| Others | (3,102) | (741) | - | - |
| Net Cash from Invt. activities | (3,151) | (1,999) | (1,100) | (800) |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | - | - | - | - |
| Dividend paid | (4,000) | (3,600) | (5,569) | (6,022) |
| Interest paid | - | - | - | - |
| Others | (343) | (443) | - | - |
| Net cash from Fin. activities | (4,343) | (4,043) | (5,569) | (6,022) |
| Net change in cash | 606 | 2,779 | 4,649 | 7,400 |
| Free Cash Flow | 7,426 | 6,497 | 10,218 | 13,422 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY23 | FY24 | FY25E | FY26E |
|----------------------------|-------|-------|-------|-------|
| Per Share(Rs) | | | | |
| EPS | 12.2 | 14.6 | 16.2 | 17.3 |
| CEPS | 12.9 | 15.3 | 17.2 | 18.5 |
| BVPS | 31.0 | 40.4 | 49.6 | 59.4 |
| FCF | 9.3 | 8.1 | 12.8 | 16.8 |
| DPS | 5.5 | 6.5 | 7.0 | 7.5 |
| Return Ratio(%) | | | | |
| RoCE | 56.0 | 49.4 | 43.4 | 38.7 |
| ROIC | 367.1 | 181.5 | 136.0 | 143.4 |
| RoE | 44.9 | 41.0 | 35.9 | 31.8 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | (0.8) | (0.7) | (0.7) | (0.7) |
| Net Working Capital (Days) | 31 | 33 | 29 | 29 |
| Valuation(x) | | | | |
| PER | 75.6 | 63.3 | 57.2 | 53.4 |
| P/B | 29.8 | 22.9 | 18.6 | 15.6 |
| P/CEPS | 71.7 | 60.3 | 53.8 | 49.9 |
| EV/EBITDA | 56.5 | 48.9 | 43.3 | 39.5 |
| EV/Sales | 20.3 | 16.8 | 14.7 | 13.4 |
| Dividend Yield (%) | 0.6 | 0.7 | 0.8 | 0.8 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

| Y/e Mar | Q2FY24 | Q3FY24 | Q4FY24 | Q1FY25 |
|-----------------------------------|--------------|---------------|---------------|---------------|
| Net Revenue | 9,953 | 11,183 | 11,548 | 11,202 |
| YoY gr. (%) | 23.5 | 21.8 | 19.7 | 11.8 |
| Raw Material Expenses | 553 | 691 | 516 | 896 |
| Gross Profit | 9,400 | 10,492 | 11,031 | 10,305 |
| Margin (%) | 94.4 | 93.8 | 95.5 | 92.0 |
| EBITDA | 3,666 | 3,940 | 3,627 | 3,749 |
| YoY gr. (%) | 20.2 | 20.9 | 11.7 | 9.3 |
| Margin (%) | 36.8 | 35.2 | 31.4 | 33.5 |
| Depreciation / Depletion | 140 | 139 | 156 | 139 |
| EBIT | 3,526 | 3,801 | 3,471 | 3,611 |
| Margin (%) | 35.4 | 34.0 | 30.1 | 32.2 |
| Net Interest | 44 | 48 | 53 | 28 |
| Other Income | 471 | 456 | 326 | 514 |
| Profit before Tax | 3,952 | 4,209 | 3,743 | 4,096 |
| Margin (%) | 39.7 | 37.6 | 32.4 | 36.6 |
| Total Tax | 1,005 | 1,064 | 979 | 1,041 |
| Effective tax rate (%) | 25.4 | 25.3 | 26.1 | 25.4 |
| Profit after Tax | 2,947 | 3,145 | 2,765 | 3,055 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 2,947 | 3,145 | 2,765 | 3,055 |
| YoY gr. (%) | 30.4 | 23.7 | 9.3 | 7.5 |
| Margin (%) | 29.6 | 28.1 | 23.9 | 27.3 |
| Extra Ord. Income / (Exp) | - | (145) | 79 | 22 |
| Reported PAT | 2,947 | 3,000 | 2,844 | 3,077 |
| YoY gr. (%) | 30.4 | 17.4 | 2.0 | 32.5 |
| Margin (%) | 29.6 | 26.8 | 24.6 | 27.5 |
| Other Comprehensive Income | 18 | (1) | (1) | 3 |
| Total Comprehensive Income | 2,965 | 2,999 | 2,842 | 3,080 |
| Avg. Shares O/s (m) | 800 | 800 | 800 | 800 |
| EPS (Rs) | 3.7 | 3.9 | 3.5 | 3.8 |

Source: Company Data, PL Research



Price Chart

Recommendation History



| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|--------|----------|-------------------|
| 1 | 08-Jul-24 | Reduce | 811 | 1,026 |
| 2 | 30-May-24 | Reduce | 811 | 1,025 |
| 3 | 12-Apr-24 | Hold | 825 | 1,023 |
| 4 | 14-Feb-24 | Hold | 825 | 929 |
| 5 | 05-Jan-24 | Hold | 749 | 902 |
| 6 | 08-Nov-23 | Hold | 709 | 677 |
| 7 | 09-Oct-23 | Hold | 700 | 720 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|---|------------|---------|------------------|
| 1 | Chalet Hotels | Accumulate | 887 | 836 |
| 2 | Imagicaaworld Entertainment | BUY | 116 | 79 |
| 3 | Indian Railway Catering and Tourism Corporation | Reduce | 811 | 1,026 |
| 4 | Inox Leisure | BUY | 587 | 502 |
| 5 | InterGlobe Aviation | Accumulate | 4,958 | 4,493 |
| 6 | Lemon Tree Hotels | BUY | 159 | 126 |
| 7 | Navneet Education | Hold | 161 | 156 |
| 8 | Nazara Technologies | Hold | 923 | 922 |
| 9 | PVR Inox | Hold | 1,474 | 1,430 |
| 10 | S Chand and Company | BUY | 312 | 216 |
| 11 | Safari Industries (India) | BUY | 2,476 | 2,237 |
| 12 | V.I.P. Industries | Hold | 454 | 451 |
| 13 | Zee Entertainment Enterprises | Hold | 157 | 149 |

PL's Recommendation Nomenclature (Absolute Performance)

| | |
|--------------------------|-----------------------------------|
| Buy | : > 15% |
| Accumulate | : 5% to 15% |
| Hold | : +5% to -5% |
| Reduce | : -5% to -15% |
| Sell | : < -15% |
| Not Rated (NR) | : No specific call on the stock |
| Under Review (UR) | : Rating likely to change shortly |



ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com